

REFERENCE TITLE: **transportation; budget reconciliation**

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

## **HB 2793**

Introduced by  
Representative McComish (with permission of committee on Rules)

### **AN ACT**

AMENDING SECTIONS 9-500.17, 11-269.03, 28-6547, 28-7009, 28-7671, 28-7674 AND 28-7676, ARIZONA REVISED STATUTES; AMENDING TITLE 28, CHAPTER 20, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-7010; RELATING TO TRANSPORTATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 9-500.17, Arizona Revised Statutes, is amended to  
3 read:

4 9-500.17. Acceleration agreements; loan repayment agreements

5 A. Pursuant to section 28-7677, a city or town may enter into  
6 agreements with the department of transportation for the acceleration of  
7 right-of-way acquisition, design or construction of an eligible **HIGHWAY**  
8 project **OR AN ELIGIBLE TRANSIT CAPITAL PROJECT** as defined in section 28-7671  
9 and may advance monies to the department of transportation pursuant to those  
10 agreements.

11 B. A loan repayment agreement as defined in section 28-7671 entered  
12 into by a city or town may be paid from and may be secured by a pledge of  
13 highway user revenues received by the city or town from this state pursuant  
14 to title 28, chapter 18, article 2 and section 42-6107. The pledge may be on  
15 a parity with any pledge previously or hereafter made by the city or town  
16 pursuant to section 48-690. If a city or town pledges those highway user  
17 revenues to a loan repayment agreement, the principal and interest  
18 requirements on the loan repayment agreement may be treated as if they were  
19 principal and interest on bonds issued under title 48, chapter 4, article 4  
20 for all purposes of sections 48-689 and 48-691.

21 Sec. 2. Section 11-269.03, Arizona Revised Statutes, is amended to  
22 read:

23 11-269.03. Acceleration agreements; loan repayment agreements

24 A. A county may enter into agreements with the department of  
25 transportation for the acceleration of right-of-way acquisition, design or  
26 construction of an eligible **HIGHWAY** project **OR AN ELIGIBLE TRANSIT CAPITAL**  
27 **PROJECT** as defined in section 28-7671 and may advance monies to the  
28 department of transportation pursuant to those agreements. Any political  
29 subdivision may pledge excise taxes to the repayment of all or any part of  
30 the principal, premium, if any, and interest on any borrowing to fund the  
31 advance.

32 B. A county may assign the right to receive payment under the  
33 agreement entered into pursuant to subsection A of this section to a trustee.

34 C. A county may pledge its excise taxes to the repayment of all or any  
35 part of the principal, premium, if any, and interest on any borrowing to fund  
36 the advance and make such other covenants and agreements as may be  
37 appropriate.

38 D. A loan repayment agreement as defined in section 28-7671 entered  
39 into by a county may be paid from and may be secured by a pledge of highway  
40 user revenues received by the county from this state pursuant to title 28,  
41 chapter 18, article 2 and section 42-6107. The pledge may be on a parity  
42 with any pledge previously or hereafter made by the county pursuant to  
43 section 11-379. If a county pledges those highway user revenues to a loan  
44 repayment agreement, the principal and interest requirements on the loan  
45 repayment agreement may be treated as if they were principal and interest on

bonds issued under article 12 of this chapter for all purposes of sections 11-378 and 11-380.

Sec. 3. Section 28-6547, Arizona Revised Statutes, is amended to read:  
~~28-6547.~~ Safety enforcement and transportation infrastructure fund: exemption from lapsing

A. The safety enforcement and transportation infrastructure fund is established. The fund consists of monies deposited pursuant to sections 28-2321, 28-2324, 28-2325, 28-5474, 28-5739, 28-5863 and 28-5864. The department shall administer the fund.

B. Subject to legislative appropriation, monies in the fund shall be spent on the following:

1. ENFORCEMENT OF VEHICLE SAFETY REQUIREMENTS BY THE DEPARTMENT OF PUBLIC SAFETY AND THE DEPARTMENT OF TRANSPORTATION WITHIN TWENTY-FIVE MILES OF THE BORDER BETWEEN ARIZONA AND MEXICO.

~~1-~~ 2. Costs related to the procurement of electronic equipment, automated systems or improvements to existing electronic equipment or automated systems for relieving vehicle congestion at ports of entry on the border between this state and Mexico.

~~2-~~ 3. Construction, MAINTENANCE and upgrades of transportation facilities, including roads, streets and highways, approved by the board within twenty-five miles of the border between Arizona and Mexico.

~~3-~~ 4. As approved by the board, construction AND MAINTENANCE of transportation facilities in the CANAMEX high priority corridor as defined in section 332 of the national highway system designation act of 1995 (P.L. 104-59; 109 Stat. 596-597).

~~4-~~ 5. Activities of the department that include the collection of transportation and trade data in the United States and Mexico for the purposes of constructing transportation facilities, improving public safety, improving truck processing time and relieving congestion at ports of entry on the border between Arizona and Mexico. The department may enter into an agreement with the Arizona-Mexico commission and provide funding to the commission for the purposes contained in this paragraph.

~~5-~~ 6. A commitment or investment necessary for the department or another agency of this state to obtain federal monies that are designated for expenditure pursuant to this section.

C. If the department determines that activities proposed by the Arizona office of homeland security may improve traffic safety in this state, the department may enter into an agreement with, and provide, subject to legislative appropriation, fund monies to, ~~the~~ the Arizona office of homeland security for the purposes contained in this subsection.

D. If the department determines that activities proposed by the Arizona international development authority for planning, development and construction of transportation facilities on the border between Arizona and Mexico may improve traffic safety in this state, the department may enter into an agreement with, and provide, subject to legislative appropriation,

1 fund monies to, the Arizona international development authority for the  
2 purposes contained in this subsection.

3 E. On notice from the department, the state treasurer shall invest and  
4 divest monies in the fund as provided by section 35-313, and monies earned  
5 from investment shall be credited to the fund.

6 F. Monies in the fund are exempt from the provisions of section 35-190  
7 relating to lapsing of appropriations.

8 Sec. 4. Section 28-7009, Arizona Revised Statutes, is amended to read:

9 28-7009. Statewide transportation acceleration needs account;  
10 establishment; definition

11 A. The statewide transportation acceleration needs account is  
12 established as a separate account in the state highway fund. The account  
13 consists of all of the following, EXCEPT THAT THE SOURCE OF MONIES IN THE  
14 FUND SHALL NOT BE A CONSENT AGREEMENT OR ANY TYPE OF NEGOTIATED SETTLEMENT BY  
15 ANY STATE OR LOCAL AGENCY OR ANY DONATION MADE IN PLACE OF A CONSENT  
16 AGREEMENT OR ANY TYPE OF SETTLEMENT:

17 1. Monies appropriated by the legislature.

18 2. Monies designated for deposit in the account by the transportation  
19 board, a state agency or a political subdivision.

20 3. Monies received from the United States government for the purpose  
21 of accelerating transportation projects.

22 4. Monies received from political subdivisions, Indian tribes or this  
23 state or its agencies for the purpose of accelerating transportation  
24 projects.

25 5. Interest and other income received from investing monies in the  
26 account.

27 6. Gifts, grants, donations or other amounts received from any public  
28 or private source for deposit in the account for the purpose of accelerating  
29 transportation projects.

30 B. On notice from the transportation board, the state treasurer shall  
31 invest and divest monies in the statewide transportation acceleration needs  
32 account as provided by section 35-313, and monies earned from investment  
33 shall be credited to the account.

34 C. The transportation board may establish any subaccount in the  
35 statewide transportation acceleration needs account that the board determines  
36 is necessary or appropriate to carry out the purposes of this section.

37 D. If a governmental entity or a private person deposits monies in the  
38 statewide transportation acceleration needs account for acceleration of a  
39 specific project and the appropriate regional planning agency or council of  
40 governments in cooperation with the transportation board approves the  
41 project, the board shall designate the monies deposited by the governmental  
42 entity or private person solely for the project for which the monies are  
43 deposited.

44 E. Notwithstanding section 28-6993, and any other agreements entered  
45 into by the department of transportation for the distribution and expenditure

1 of monies from the state highway fund, the transportation board shall not  
2 approve any expenditures from the statewide transportation acceleration needs  
3 account unless the expenditure is made in accordance with this section and is  
4 for the construction or reconstruction of freeways, state highways, bridges  
5 and interchanges that are contained in the regional transportation plan of a  
6 county or the department's long-range statewide transportation plan pursuant  
7 to section 28-506. For the purposes of this subsection, a regional  
8 transportation plan is a twenty year comprehensive, performance based,  
9 multimodal and coordinated regional transportation plan that is approved for  
10 the county as provided by law and as amended or otherwise modified.

11 F. EXCEPT AS PROVIDED IN SECTION 28-7010, monies in the statewide  
12 transportation acceleration needs account shall be used only to pay for the  
13 following costs of a transportation project approved pursuant to this  
14 section:

- 15 1. Materials and labor.
- 16 2. Acquisition of rights-of-way for highway needs.
- 17 3. Design and other engineering services that are within the scope of  
18 engineering practice as provided in title 32, chapter 1.
- 19 4. Other directly related costs approved by the transportation board.

20 G. Monies in the statewide transportation acceleration needs account  
21 that are appropriated by the legislature and any interest earnings shall be  
22 allocated as follows:

- 23 1. For a county with a population of at least one million two hundred  
24 thousand persons for the area included in the regional planning agency's  
25 transportation improvement plan, sixty per cent.
- 26 2. For a county with a population of more than five hundred thousand  
27 persons but less than one million two hundred thousand persons for the area  
28 included in the regional planning agency's transportation improvement plan,  
29 sixteen per cent.
- 30 3. For all other counties, twenty-four per cent.

31 H. The regional planning agency in a county designated as a  
32 transportation management area shall establish a process for the review and  
33 approval of transportation projects eligible to receive monies from the  
34 statewide transportation acceleration needs account. As part of its request  
35 to the transportation board for monies, the regional planning agency shall  
36 ensure and submit evidence satisfactory to the board that any project costs  
37 not eligible for monies from the statewide transportation acceleration needs  
38 account are available and dedicated to the project. In all other counties,  
39 the department, in cooperation with the metropolitan planning organization or  
40 the council of governments that has the authority to approve transportation  
41 projects for the county, shall develop requests for expenditure of monies  
42 from the statewide transportation acceleration needs account. As part of the  
43 request to the transportation board for monies, the metropolitan planning  
44 organization or the council of governments for the department shall submit  
45 evidence satisfactory to the board that any project costs not eligible for

monies from the statewide transportation acceleration needs account are available and dedicated to the project.

I. On receipt of a request for monies from the statewide transportation acceleration needs account, the transportation board shall place the request on the agenda for the next regular business meeting of the board. The board shall review the request and, in cooperation with the regional planning agency, the metropolitan planning organization or the council of governments, approve the request or further modify the request before approval.

J. The transportation board shall not approve the release of any monies from the statewide transportation acceleration needs account for a transportation project unless the board verifies that all costs related to construction of the project are covered.

K. Monies in the statewide transportation acceleration needs account shall be used to supplement, not supplant, funding that would otherwise be made available for projects.

L. On or before July 1 of each year, the transportation board shall submit a report of its activities pursuant to this section to the governor, the president of the senate and the speaker of the house of representatives and shall provide a copy of this report to the secretary of state, the director of the joint legislative budget committee and the director of the Arizona state library, archives and public records.

M. A regional planning agency that receives monies from the statewide transportation acceleration needs account shall report on or before December 15 of each year to the senate and house of representatives transportation committees on approved projects and amounts expended for those projects.

N. For the purposes of this section, "project" means the construction or reconstruction of a specific portion of a freeway or state highway or a bridge or interchange or a portion of a bridge or interchange that is constructed at a single location.

Sec. 5. Title 28, chapter 20, article 4, Arizona Revised Statutes, is amended by adding section 28-7010, to read:

28-7010. Statewide transportation acceleration needs account; reimbursement of interest costs

A. THE BOARD MAY APPROVE THE REIMBURSEMENT OF INTEREST COSTS FOR THE ACCELERATION OF A TRANSPORTATION PROJECT AS PRESCRIBED IN THIS SECTION.

B. THE REGIONAL PLANNING AGENCY IN A COUNTY THAT IS DESIGNATED AS A TRANSPORTATION MANAGEMENT AREA SHALL ESTABLISH A PROCESS FOR THE REVIEW AND APPROVAL OF REIMBURSEMENT OF INTEREST COSTS FROM THE STATEWIDE TRANSPORTATION ACCELERATION NEEDS ACCOUNT. IF THE ELIGIBILITY OF THE INTEREST COSTS REIMBURSEMENT IS APPROVED, THE PROJECT MAY BE CONSIDERED WITH OTHER ELIGIBLE ACCELERATION PROJECTS FOR STATEWIDE TRANSPORTATION ACCELERATION NEEDS ACCOUNT FUNDING. IN ALL OTHER COUNTIES, THE DEPARTMENT, IN COOPERATION WITH THE METROPOLITAN PLANNING ORGANIZATION OR THE COUNCIL OF GOVERNMENTS THAT HAS THE AUTHORITY TO APPROVE TRANSPORTATION PROJECTS FOR THE COUNTY, SHALL ESTABLISH

A PROCESS FOR THE REVIEW AND APPROVAL OF REIMBURSEMENT OF INTEREST COSTS FROM THE STATEWIDE TRANSPORTATION ACCELERATION NEEDS ACCOUNT. IF THE ELIGIBILITY OF THE INTEREST COSTS REIMBURSEMENT IS APPROVED, THE PROJECT MAY BE CONSIDERED WITH OTHER ELIGIBLE ACCELERATION PROJECTS FOR STATEWIDE TRANSPORTATION ACCELERATION NEEDS ACCOUNT FUNDING.

C. THE BOARD SHALL REVIEW AND APPROVE THE REQUEST AS PRESCRIBED IN SECTION 28-7009, SUBSECTIONS I AND J.

D. TO BE ELIGIBLE FOR REIMBURSEMENT OF INTEREST COSTS PURSUANT TO THIS SECTION, THE INTEREST COSTS MUST RESULT FROM BONDS, LOANS OR ADVANCES ISSUED TO A CITY OR COUNTY THAT ENTERS INTO AN AGREEMENT WITH THE DEPARTMENT AND THE REGIONAL PLANNING AGENCY AFTER JANUARY 1, 2007 FOR THE ACCELERATION OF A TRANSPORTATION PROJECT THAT IS CONTAINED IN THE REGIONAL TRANSPORTATION PLAN OF A COUNTY OR THE DEPARTMENT'S LONG-RANGE STATEWIDE TRANSPORTATION PLAN PURSUANT TO SECTION 28-506.

Sec. 6. Section 28-7671, Arizona Revised Statutes, is amended to read:

28-7671. Definitions

In this article, unless the context otherwise requires:

1. "Advisory committee" means the highway expansion and extension loan program advisory committee established by section 28-7672.

2. "Eligible HIGHWAY project" means a highway project that is both:

(a) On the federal aid system, national highway system or state route or state highway system.

(b) Included in either:

(i) The department's state highway construction plan.

(ii) The transportation improvement plan of a regional association of governments.

3. "ELIGIBLE TRANSIT CAPITAL PROJECT" MEANS LAND, BUILDINGS OR MOTOR VEHICLES OR A COMBINATION OF LAND, BUILDINGS AND MOTOR VEHICLES THAT IS PART OF THE FEDERAL TRANSIT ADMINISTRATION'S RURAL PUBLIC TRANSPORTATION PROGRAM FOR MUNICIPALITIES WITH POPULATIONS OF LESS THAN FIFTY THOUSAND PERSONS AND THAT IS INCLUDED IN THE TRANSPORTATION IMPROVEMENT PLAN OF A REGIONAL ASSOCIATION OF GOVERNMENTS.

~~3.~~ 4. "Federal SIB act" means section 350 of the national highway system designation act of 1995 (P.L. 104-59; 109 Stat. 618), any regulations adopted pursuant to that section and any other provisions of federal law providing for state infrastructure banks, infrastructure credit programs and other grant programs for highway purposes and any regulations adopted pursuant to those laws.

~~4.~~ 5. "Fund" means the highway expansion and extension loan program fund established by section 28-7674.

~~5.~~ 6. "Indian tribe" means any Indian tribe, band, group or community that is recognized by the United States secretary of the interior and that exercises governmental authority within the limits of any Indian reservation under the jurisdiction of the United States government, notwithstanding the

1 issuance of any patent and including rights-of-way running through the  
2 reservation.

3 ~~6-~~ 7. "Loan repayment agreement" means one or more loan agreements,  
4 instruments or other agreements providing for repayment of a loan or other  
5 financial assistance and entered into by this state or its agencies,  
6 including the department, or a political subdivision or Indian tribe.

7 ~~7-~~ 8. "Political subdivision" means a county, city, town or special  
8 taxing district authorized by law to construct an eligible project.

9 ~~8-~~ 9. "SIB cooperative agreement" means a cooperative agreement or  
10 agreements entered into by the Arizona department of transportation with the  
11 United States department of transportation pursuant to this article and the  
12 federal SIB act.

13 Sec. 7. Section 28-7674, Arizona Revised Statutes, is amended to read:

14 ~~28-7674.~~ Highway expansion and extension loan program fund

15 A. The highway expansion and extension loan program fund is  
16 established. The fund constitutes a state infrastructure bank under the  
17 federal SIB act. The state treasurer shall receive in trust, hold and  
18 disburse monies in the fund solely for the purposes authorized by this  
19 article. The department shall administer the fund as a continuing  
20 appropriation in accordance with this article and the federal SIB act.  
21 Monies in the fund are exempt from the provisions of section 35-190 relating  
22 to lapsing of appropriations.

23 B. The fund consists of:

- 24 1. Monies appropriated by the legislature.
- 25 2. Monies derived from board funding obligations delivered pursuant to  
26 section 28-7678. These monies shall be separately accounted for and  
27 invested.
- 28 3. Monies designated for deposit in the fund by the transportation  
29 board, a state agency or a political subdivision.
- 30 4. Monies received from the United States government under SIB  
31 cooperative agreements, including capitalization grants.
- 32 5. Monies received from political subdivisions, Indian tribes or this  
33 state or its agencies pursuant to agreements entered into pursuant to this  
34 article.
- 35 6. Interest and other income received from investing monies in the  
36 fund.

37 7. Gifts, grants, donations or other amounts received from any public  
38 or private source for deposit in the fund.

39 C. The board may use monies in the fund for the following purposes in  
40 connection with providing financial assistance under this article:

- 41 1. Making eligible project loans or providing other financial  
42 assistance to political subdivisions, Indian tribes and this state or its  
43 agencies under section 28-7676.
- 44 2. Subsidizing interest rates.

1           3. Providing other forms and methods of financial assistance that are  
2 approved by the board and, to the extent required by the federal SIB act, by  
3 the United States secretary of transportation and that relate to the eligible  
4 project with respect to which the assistance is being provided.

5           4. Paying the costs to administer the fund, except that no more than  
6 the percentage of the aggregate of federal capitalization grants pursuant to  
7 the federal SIB act may be used to pay these costs. Monies from other  
8 sources may be used without limit to pay these costs.

9           D. EXCEPT FOR MONIES RECEIVED PURSUANT TO SUBSECTION B, PARAGRAPH 4 OF  
10 THIS SECTION, UP TO TEN MILLION DOLLARS OF THE MONIES IN THE FUND MAY BE USED  
11 FOR ELIGIBLE TRANSIT CAPITAL PROJECTS IN MUNICIPALITIES WITH A POPULATION OF  
12 LESS THAN FIFTY THOUSAND PERSONS.

13           ~~D.~~ E. On notice from the board, the state treasurer shall invest and  
14 divest monies in the fund as provided by section 35-313, and monies earned  
15 from investment shall be credited to the fund.

16           ~~E.~~ F. The board shall use the monies and other assets in the fund  
17 solely for the purposes authorized by this article.

18           ~~F.~~ G. The board may establish any accounts or subaccounts in the fund  
19 as it determines are necessary or appropriate to carry out the purposes of  
20 this article.

21           ~~G.~~ H. All proceeds of capitalization grants received from the United  
22 States pursuant to the federal SIB act and title 23, United States Code,  
23 shall be deposited in the fund and shall be used only to make loans or  
24 provide other financial assistance to political subdivisions, Indian tribes  
25 and this state or its agencies to design, construct, acquire right-of-way  
26 for, restore or rebuild eligible projects, for the purposes prescribed in  
27 subsection C of this section or for any other purposes permitted by the  
28 federal SIB act and title 23, United States Code.

29           Sec. 8. Section 28-7676, Arizona Revised Statutes, is amended to read:  
30 28-7676. Eligible project loans and other financial assistance

31           A. A political subdivision or this state or its agencies, including  
32 the department, may apply to the transportation board for any loan or other  
33 financial assistance from the fund to support an eligible project.

34           B. An Indian tribe may apply to the board for any loan or other  
35 financial assistance from the fund to support an eligible project that the  
36 board determines provides substantial public benefits.

37           C. Through December 31, 2004, of the total amount of monies and other  
38 assets in the fund, the board shall provide loans and other financial  
39 assistance for use as follows:

40           1. Fifty per cent in counties with a population of one million two  
41 hundred thousand or more persons according to the most recent United States  
42 decennial census.

43           2. Twenty-five per cent in counties with a population of five hundred  
44 thousand or more but less than one million two hundred thousand persons  
45 according to the most recent United States decennial census.

1           3. Twenty-five per cent in counties with a population of less than  
2 five hundred thousand persons according to the most recent United States  
3 decennial census.

4           D. The percentages prescribed in subsection C of this section apply  
5 over the prescribed time period and are not yearly allocations but do not  
6 apply to loans made by the board before August 6, 1999.

7           E. In compliance with any applicable federal requirements, the  
8 board shall:

9           1. Approve, disapprove or modify the simplified application form and  
10 guidelines developed by the advisory committee.

11           2. Prescribe a simplified procedure to apply for and approve financial  
12 assistance.

13           3. Consider at least the following in selecting which eligible  
14 projects shall receive financial assistance:

15           (a) Economic benefits.

16           (b) Mobility.

17           (c) Air quality.

18           (d) Safety.

19           (e) How quickly the applicant proposes to repay the loan.

20           (f) The ability of the applicant to repay a loan according to the  
21 terms and conditions established by this section.

22           (g) The availability of assistance for projects located in smaller  
23 cities and towns and rural areas.

24           4. Give a preference of up to twenty per cent to eligible projects  
25 that include local, federal or private financial participation in  
26 accelerating the project. This preference shall be commensurate with the  
27 level of local, federal or private financial participation. The greater the  
28 percentage of local, federal or private financial participation is to the  
29 total cost of the project, the greater the preference that shall be given to  
30 the project.

31           F. The board may take any of the actions prescribed in subsection E of  
32 this section by resolution.

33           G. The board may impose conditions the board deems necessary to ensure  
34 that financial assistance under this article is used according to law and to  
35 comply with the applicable requirements of the federal SIB act and SIB  
36 cooperative agreements.

37           H. A loan under this section shall:

38           1. Bear interest at or below the market interest rate or rates, as  
39 determined by the board, to make the project that is the subject of the loan  
40 feasible. The interest rate for any loan shall be uniform with interest  
41 rates for comparable loans.

42           2. If the source of the loan is monies designated pursuant to a SIB  
43 cooperative agreement, be repaid not longer than ten years after the date the  
44 highway project is open to traffic.

3. If the source of the loan is monies other than those monies designated pursuant to a SIB cooperative agreement, be repaid not longer than five years after the date the highway project is open to traffic.

4. Be conditioned on the identification of a revenue source for repaying the loan.

5. Not be made for the nonfederal share of any project that has received a grant under title 23, United States Code.

6. If made to an Indian tribe, be conditioned on the establishment of a dedicated source under the control of a tribally chartered corporation or another tribal entity that is subject to suit by the attorney general to enforce the loan repayment agreement or be secured by assets that, in the event of default of the loan repayment agreement, are subject to execution by the attorney general without the waiver of any claim of sovereign immunity by the tribe.

~~7. Not be made after December 31, 2004 if the source of the loan is monies derived from a board funding obligation delivered pursuant to section 28-7678.~~

I. The approval of a loan is conditioned on a written commitment by the political subdivision, the Indian tribe or this state or its agencies to complete all applicable reviews and approvals and to secure all required permits in a timely manner.

J. On the request of the board, the attorney general shall take whatever actions are necessary to enforce a loan repayment agreement and achieve repayment of loans provided by the board pursuant to this article.

K. The state treasurer, to the extent not otherwise expressly prohibited by law, may withhold from a defaulting city, town or county the next succeeding distribution of monies pursuant to chapter 18, article 2 of this title and section 42-6107 otherwise distributable to it, to the extent necessary to meet the certified amount of the deficiency, and shall deposit in the appropriate subaccount in the fund the amount so withheld, except that the state treasurer shall not withhold from the distribution any amount that is necessary, as certified in writing by the defaulting city, town or county to the state treasurer and the director, to make any required deposits then due for payment of principal and interest on bonds issued by a city or town pursuant to title 48, chapter 4, article 5 or by a county pursuant to title 11, chapter 2, article 12. Amounts so certified shall be distributed to the city, town or county. The withholding and deposit in the appropriate subaccount in the fund by the state treasurer shall continue until the director certifies to the state treasurer that the default has been cured.

L. The recipient of any loan retains sole responsibility to ensure that any related eligible project is in compliance with any applicable federal, state or local environmental or other laws, rules or regulations. The board does not assume any responsibility for compliance by the awarding of financial assistance or other actions under this article. The awarding of financial assistance or any other actions by the board under this article do

1 not constitute actions that subject the board to compliance with state or  
2 local environmental or other laws.

3 M. This article does not authorize a political subdivision to issue  
4 any bonds or incur any debt except in compliance with applicable law.

5 N. In order to repay any loan or other financial assistance from the  
6 fund, this state or its agencies, including the department, and a political  
7 subdivision may enter into a loan repayment agreement with the board.

8 O. A loan repayment agreement may be payable by a political  
9 subdivision, this state or its agencies or an Indian tribe from any revenues  
10 otherwise authorized by law to be used or pledged for street and highway  
11 purposes and may be secured by any other revenues authorized by law to be  
12 pledged to repay long-term obligations. Notwithstanding chapters 17 and 18  
13 of this title, a loan repayment agreement may be payable from monies in a  
14 regional area road fund construction account and from revenues distributed  
15 pursuant to section 28-6538, subsection B.

16 P. Payments made pursuant to a loan repayment agreement are not  
17 subject to section 42-17106.

18 Q. This section is exempt from title 41, chapter 6.

19 Sec. 9. Arizona department of transportation computer system  
20 assessment appropriation; lapsing extension;  
21 retroactivity

22 A. Notwithstanding any other law, the \$500,000 appropriated to the  
23 department of transportation for a motor vehicle division computer system  
24 assessment from the state highway fund in fiscal year 2006-2007 by Laws 2006,  
25 chapter 344, section 32 is exempt from the provisions of section 35-190,  
26 Arizona Revised Statutes, relating to lapsing of appropriations, through June  
27 30, 2008.

28 B. This section is effective retroactively to from and after June 30,  
29 2007.

30 Sec. 10. Retroactivity

31 Section 28-6547, Arizona Revised Statutes, as amended by this act,  
32 applies retroactively to from and after June 30, 2007.